

**TESTIMONY OF DR. BOB FREDERICK  
CHAIR OF THE  
NCAA COMMITTEE ON SPORTSMANSHIP AND ETHICAL CONDUCT  
before the  
HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON  
FINANCIAL INSTITUTIONS AND CONSUMER CREDIT**

**July 24, 2001**

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to testify on behalf of the intercollegiate athletics community and to share with you our concerns related to the rapid growth of sports gambling on the Internet and the need for effective legislation. I currently serve as the chair of the NCAA Committee on Sportsmanship and Ethical Conduct. Sports gambling issues fall under this committee's purview. In addition, I recently concluded a 14-year tenure as athletics director at the University of Kansas. As a long-time college athletics administrator, I am very much aware of the dangers that sports gambling presents. I have witnessed the struggles of my colleagues in the aftermath of point-shaving scandals on their campuses and I have sadly watched young student-athletes go to prison as a result of their participation in these illegal schemes. Sports gambling has always been a threat to the college game, however, clearly the most significant change since I was a basketball student-athlete at the University of Kansas, is the rise of the Internet and its ability to make sports gambling accessible from almost anywhere.

In just five short years, Internet gambling has grown from a dozen to 1,400 unique gambling Web sites. Despite federal and state laws prohibiting sports gambling over the Internet, offshore operators continue to market aggressively their products in the United States. Open an in-flight magazine or your favorite sports publication and frequently you will see ads touting the excitement and ease of placing sports bets over the Internet. Listen to your favorite

sports talk show and it is likely you will hear ads for Internet sports gambling sites. Drive in your car and you may see billboards promoting “just how easy it is” to gamble online on your favorite games. Visit a college campus and I assure you will hear about the number of unsolicited e-mail ads received by students from sports gambling sites. Unfortunately, almost all of this activity— this illegal activity—continues to thrive, virtually unchecked here in the United States. Its impact is already being felt in the intercollegiate athletics community. NCAA staff members have begun processing NCAA rules violation cases involving Internet sports gambling. It is clear that Internet sports gambling is flourishing here in the United States.

However, as a father of four sons; three of whom are either in college or coaching on a college campus, I am concerned that the growth of Internet gambling could be fueled by college students. Today, college students are perhaps the most wired group in the United States. They can surf the Web in their school library, in a computer lab or in the privacy of their dorm room. The emergence of Internet gambling now enables students to wager behind closed doors, anonymously, and with the guarantee of absolute privacy.

How do students have the means to place bets online? I am sure it is not news to this Subcommittee that students have their own credit cards. According to a 2000 survey by Nellie Mae, 78 percent of college students have credit cards and nearly one in three have four or more cards. The average credit card balance for undergraduates has risen nearly 50 percent since 1998. One in 10 students will graduate with balances exceeding \$7,000. Unfortunately, for some, Internet gambling may stand in the way of obtaining their college degree.

Last year, at a House congressional hearing, a NCAA witness played a video tape account of a college student who, in just three months, lost \$10,000 gambling on sports over the Internet. He reported that a friend at another institution lost \$5,000 on a single Internet wager on the Super Bowl and was forced to drop out of school. Unfortunately, these stories are not unique. The NCAA has heard similar accounts and the news media has been widely reporting on this rapidly growing problem among young people. Clearly, there is a need to address this issue.

For the past four years, the NCAA has worked closely with House and Senate sponsors of Internet gambling prohibition legislation. Of course, we are concerned that despite the 1961 Wire Act that prohibits interstate sports wagers over wire communication facilities, Internet sports gambling continues to prosper in the United States. Clearly, as the Internet goes wireless there is a need to update current statutes related to sports gambling so that the law keeps pace with technology. In addition, any proposed legislation must provide an effective enforcement mechanism that will impact an industry that is located outside the United States. This is critical and the success of any legislative effort will be dependent on crafting the right approach and ensuring that law enforcement and the appropriate federal agencies make it a priority to crack down on violators. The NCAA is pleased that this Subcommittee is examining ways to address Internet gambling. We firmly believe that as the industry begins to consolidate and large, multi-national companies assume a leadership position that new legislation can have an impact and act as a significant deterrent. It is our hope that with the passage of federal legislation any further

growth related to sports gambling on the Internet will be achieved largely without United States participation.

Thank you.